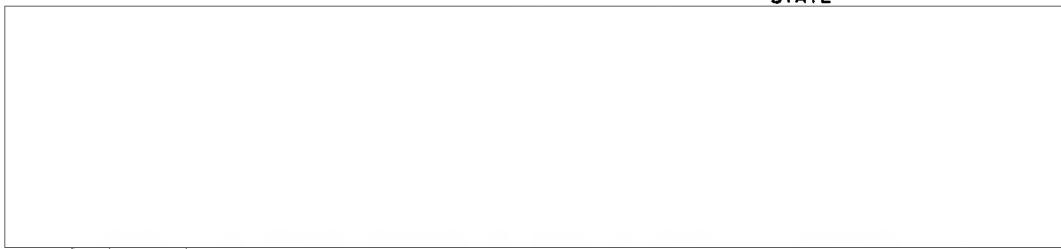


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PAGE 001
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C O R R E C T E D C O P Y - ADDING CAPTION

ORIGINAL PROCESSED AS CDS# 9668545

FOR ARA/SC, H

E.O. 12356: N/A
TAGS: OTRA, UY
SUBJECT: CONGRESSMAN TOBY ROTH'S VISIT TO URUGUAY

1. SUMMARY: ON JANUARY 15 CODEL ROTH MET WITH THE DIRECTOR OF THE BUREAU OF FOREIGN TRADE, HIGH-LEVEL CENTRAL BANK OFFICIALS, THE MINISTER OF ECONOMY AND FINANCE, AND A MEMBER OF THE URUGUAYAN HOUSE FOREIGN AFFAIRS COMMITTEE. IN HIS MEETINGS HE EMPHASIZED U.S. INTEREST IN URUGUAY AND ITS RETURN TO DEMOCRACY AND U.S. CONCERN IN HELPING TO ADDRESS THE DEBT PROBLEM. THE CONGRESSMAN ALSO HELD A SHORT PRESS CONFERENCE IN WHICH HE INCLUDED A STATEMENT ON THE DESIRABILITY OF INTERNATIONAL COOPERATION IN COUNTERING TERRORISM - A RESPONSE TO A QUESTION ON THE LIBYA SANCTIONS. PRESS COVERAGE HAS BEEN QUITE FAVORABLE. END SUMMARY.

2. THE ROTH DELEGATION (THE CONGRESSMAN, HIS WIFE, AND ONE STAFFER) ARRIVED LATE IN THE EVENING OF JANUARY 14. THEIR FIRST MEETING ON THE 15TH WAS WITH DIRECTOR GENERAL OF FOREIGN TRADE ISIDORO HODARA. HODARA EMPHASIZED THAT URUGUAY VIEWS THE U.S. AS AN EXAMPLE OF FREE TRADE BUT THAT URUGUAYANS ARE WORRIED BY INCREASING PROTECTIONIST SENTIMENT IN THE U.S. HE POINTED OUT THAT URUGUAY IS THE ONLY COUNTRY IN SOUTH AMERICA WITH NO IMPORT, CURRENCY, OR INVESTMENT CONTROLS. HE NOTED THAT URUGUAY SHARES THE U.S. CONCERN OVER THE EEC'S COMMON AGRICULTURAL POLICY AND CALLED IT "THE WORST TRADE PROBLEM FOR TEMPERATE COUNTRIES." FINALLY, HE EXPRESSED THE GOV'S CONCERN OVER THE NEW U.S. FARM ACT. AS ONE EXAMPLE, HODARA SAID THAT SHOULD THE U.S. ENTER THE MARKET WITH SUBSIDIZED RICE IT WOULD WRECK THE URUGUAYAN RICE INDUSTRY.

3. CODEL ROTH SPENT A FULL HOUR WITH VICE PRESIDENT

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86 9734847 SCP

PAGE 002
TOR: 291609Z JAN 86NC 9734847
MONTEV 00433

DR. RENE DELGADO OF THE CENTRAL BANK AND GENERAL MANAGER JORGE SAMBARINO. THE DIFFICULTIES IN ADDRESSING URUGUAY'S FOREIGN DEBT PROBLEM WERE DISCUSSED. THE OFFICIALS' DISCUSSION INDICATED THAT IT IS NOT SURPRISING THAT MANY COUNTRIES OVERINDULGED IN THE 1970'S WHEN THE INDUSTRIAL NATIONS WERE AWASH WITH PETRODOLLARS. THEY ASSERTED THAT URUGUAY HAD HAD TO TURN DOWN SEVERAL LOAN OFFERS BECAUSE THE GOVERNMENT FELT THE MONEY WAS NOT NEEDED. FINALLY, THE NEED FOR GOV FISCAL RESTRAINT AND THE BUDGET PROCESS WERE DISCUSSED. THE OFFICIALS PREDICTED THAT PRESIDENT SANGUINETTI WOULD USE HIS LINE-ITEM VETO POWERS TO AN ATTEMPT TO REDUCE THE BUDGET DEFICIT.

4. MINISTER OF ECONOMY AND FINANCE RICARDO ZERBINO MET FOR ALMOST FORTY-FIVE MINUTES WITH THE CODEL. MINISTER ZERBINO EXPRESSED HIS OPTIMISM ON THE FUTURE OF URUGUAY'S DEBT SITUATION AND THE GOV'S DESIRE TO REPAY THE DEBT WITHOUT FURTHER RE-SCHEDULING. HE WELCOMED THE ACTIONS OF THE GROUP OF FIVE ON THE DOLLAR BUT SAID THAT INTEREST RATES ARE STILL TOO HIGH. HE STATED THAT THE GOV REACTION TO THE BAKER PLAN WAS FAVORABLE AND THAT THERE IS NO SOLUTION TO THE DEBT WITHOUT FURTHER GROWTH. THE GOV. HE RELATED, IS TRYING TO STIMULATE DIRECT INVESTMENT AND GROWTH. THE GOV PLANS TO EMPHASIZE PORT SERVICES AND FINANCIAL SERVICES, ESPECIALLY OFFSHORE BANKING.

5. BOTH THE CENTRAL BANK OFFICIALS AND MINISTER ZERBINO MET SEPARATELY WITH AN EXIMBANK DELEGATION THE SAME DAY, INDICATING THE IMPORTANCE THE GOV PLACES ON U.S.-URUGUAY RELATIONS.

6. THE CODEL ALSO MET WITH DR. JAVIER BARRIOS ANZA, PRESIDENT OF THE URUGUAYAN HOUSE FOREIGN AFFAIRS COMMITTEE. THE CONGRESSMAN DISCUSSED THE DIFFICULTIES INVOLVED IN BALANCING THE NEED FOR GOVERNMENT FISCAL RESTRAINT WITH THE PROVIDING OF THE VARIOUS GOVERNMENT SERVICES. AS A MEMBER OF THE OPPOSITION BLANCO PARTY, HE EMPHASIZED THE LATTER NEED MORE THAN THE FORMER. THE TWO CONGRESSMEN COMPARED NOTES ON THE RIGORS OF THE LEGISLATIVE PROCESS. CONGRESSMAN ROTH CONCLUDED BY STATING THAT HE HOPED THAT DR. BARRIOS ANZA COULD RETURN THE VISIT AT SOME POINT IN THE FUTURE.

7. PRESS CONFERENCE

CONGRESSMAN ROTH HELD A BRIEF PRESS CONFERENCE WITH DR. BARRIOS ANZA AT THE LEGISLATIVE PALACE. CONGRESSMAN ROTH DESCRIBED HIS VISIT AS A SIGN OF THE U.S.'S INTEREST IN URUGUAY. ASKED ABOUT U.S. SANCTIONS AGAINST LIBYA, HE RESPONDED THAT ALL COUNTRIES SHOULD COOPERATE IN STOPPING TERRORISM. REGARDING PROTECTIONIST SENTIMENTS IN THE U.S., HE POINTED OUT THAT THESE FEELINGS ARE

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C O R R E C T E D C O P Y - ADDING CAPTION

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UNDERSTANDABLE IN LIGHT OF THE U.S. \$140 BILLION TRADE DEFICIT WHICH HAS COST THE U.S. 4 MILLION JOBS, A FIGURE HIGHER THAN THE ENTIRE POPULATION OF URUGUAY. HE ALSO

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86 9734847 SCP

PAGE 003
TOR: 291609Z JAN 86

NC 9734847
MONTEV 00433

POINTED OUT THE NEED TO WORK ON URUGUAY'S DEBT PRNBLEM
THROUGH THE BAKER PLAN.

8. PRESS COVERAGE. JANUARY 16TH PAPERS HAD CONSIDERABLE
AND VERY FAVORABLE PRESS COVERAGE. ARTICLES QUOTED
MANY OF CONGRESSMAN ROTH'S PRESS CONFERENCE STATEMENTS
BUT PROVIDED FEW DETAILS ON HIS PRIVATE MEETINGS.

9. POST WOULD LIKE TO THANK CONGRESSMAN ROTH FOR HIS
VISIT AND THE POSITIVE CONTRIBUTION IT HAS MADE TO OUR
BILATERAL RELATIONS.

10. THIS CABLE WAS DRAFTED AFTER CONGRESSMAN ROTH'S
DEPARTURE.

WILKEY
END OF MESSAGE

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